

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2187 - HB 2579

January 30, 2012

SUMMARY OF BILL: Defines “full-time equivalent semester,” for the purposes of receiving a HOPE scholarship, as any semester or combination of semesters in which a student receives a full-time HOPE scholarship or the sum of all awards equals the full-time scholarship amount. Prohibits students from receiving the HOPE scholarship for more than eight full-time equivalent semesters. Prohibits students who first received a HOPE scholarship in the 2009 fall semester and who are enrolled in an undergraduate program requiring more than 120 semester hours from receiving the HOPE scholarship for more than nine full-time equivalent semesters. Applies HOPE scholarship full-time equivalent semester limitations to students who received the HOPE access grant in the 2009 fall semester or thereafter and to non-traditional students. Removes the current provision prohibiting students who first received a HOPE scholarship from receiving a HOPE scholarship or HOPE access grant after a total number of hours attempted.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - \$14,206,000/FY12-13

/Lottery for Education Account

\$14,866,000/FY13-14

/Lottery for Education Account

Exceeds \$14,866,000/FY14-15 and Subsequent Years

/Lottery for Education Account

Assumptions:

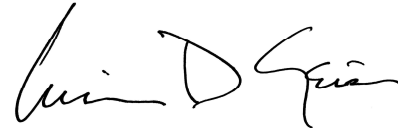
- According to the Tennessee Student Assistance Corporation (TSAC), using the 2006-07 first time freshman cohort, 16 percent of students were enrolled in their fifth year of postsecondary education in 2010-11. Of these students, one percent was enrolled in a program requiring more than 120 semester hours.
- Applying percentages of enrollment from 2006-07 to the cohorts of succeeding freshmen classes, TSAC estimates that 15 percent of students in the 2008 first-time freshman cohort will lose their HOPE scholarship award of \$4,000 in FY12-13. An estimated 3,534 students will lose their award in FY12-13, resulting in a decrease in state expenditures from the Lottery for Education Account of \$14,136,000 (3,534 x \$4,000).

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- TSAC estimates that 15 percent of students in the 2009 first-time freshman cohort will lose their \$4,000 HOPE scholarship award in FY13-14. An estimated 3,698 students will lose their award in FY13-14, resulting in a decrease in state expenditures in FY13-14 from the Lottery for Education Account of \$14,792,000 ($3,698 \times \$4,000$).
- TSAC estimates that in FY12-13, 35 students who are enrolled in a program that requires more than 120 credit hours will lose their \$2,000 HOPE scholarship award. This will result in a decrease in state expenditures from the Lottery for Education Account of \$70,000 ($\$2,000 \times 35$).
- In FY13-14, 37 students who are enrolled in a program that requires more than 120 credit hours will lose their \$2,000 HOPE scholarship award. This will result in a decrease in state expenditures from the Lottery for Education Account of \$74,000 ($\$2,000 \times 37$).
- In FY12-13, the total decrease in state expenditures from the Lottery for Education Account will be \$14,206,000 ($\$14,136,000 + \$70,000$).
- In FY13-14, the total decrease in state expenditures from the Lottery for Education Account will be \$14,866,000 ($\$14,792,000 + \$74,000$).
- In FY14-15 and subsequent fiscal years, more students will lose their HOPE scholarship award, resulting in a decrease in state expenditures that will exceed \$14,866,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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